

Stem Cell Agency Generating \$286 Million in Taxes for California and 38,000 Jobs with Grants Awarded So Far

Posted: January 31, 2013

San Francisco, CA — California's stem cell agency, the California Institute for Regenerative Medicine (CIRM) today released an independently produced economic impact study showing the agency has delivered significant benefit to the state. The first \$1.5 billion in committed grants is generating 38,000 job years and \$286 million in new tax revenue in California through 2014.

The same awards will generate an estimated \$530 million in tax revenue for the federal government. Of the California revenue, the study showed that \$205 million will flow to the state and \$81 million to local governments. Jose Alberro of the Berkeley Research Group conducted the study, and he had full control of the conclusions in the report. It updates a report he first completed in 2010, which can be found [here](#).

The study looked at the \$1.5 billion in grant awards committed by July 2012, and the one-time economic impact they will have through 2014. These awards represent half of the \$3 billion CIRM was allotted through the passage of Proposition 71 in 2004. The current assessment also accounts for the impact of \$1.26 billion in added funds that recipient institutions attracted in matching funds for construction and faculty recruitment as well as funds for related research projects—ones that relied on prior CIRM funding to garner awards from other funders.

"CIRM's commitment to the voters of California is two fold: to accelerate the development of new therapies for a range of serious conditions, and to give a boost to the state's economy," said Jonathan Thomas, PhD, JD, Chair of the Governing Board of CIRM. "This report shows we have delivered for the economy. For patients, we have a significant portfolio of projects that have fostered clinical trials already or expect clinical trials to begin within a year or two. Those projects show the great potential for delivering on our commitment to therapies as well the economy."

The jobs cover a wide range of industries and skills, from research scientists to laboratory assistants and staff, and include nearly 13,000 jobs in the construction and building trades.

"I am proud our agency is delivering on its economic promise to the voters, but I am even prouder of the robust stem cell community that we have built that will continue to grow and provide jobs and new therapies for patients," said Alan Trounson, PhD, President of CIRM.

The report does not measure the economic impact of biotechnology companies that have opened facilities or expanded in California because of CIRM grants and the research climate it has created. But the original 2010 report does discuss the ways in which industry clusters provide economic benefit to the state. Other economists have already verified the positive impacts of two biotech clusters in California, one in the Bay Area and one in the San Diego region. The first report projected that CIRM funding could cement a third cluster in the LA basin. The document states that it is too early to quantify CIRM's impact in terms of these clusters but notes that: "industries participating in a strong cluster register higher employment growth, as well as higher wages, number of establishments, and patenting."

"I can't overstate the value of our association with CIRM," said Dr. Paul Laikind, President and CEO of ViaCyte Inc. "We are breaking new ground with a stem cell based product that has the potential to transform the lives of patients with type 1 diabetes. CIRM's financial commitment has allowed us to build a team of more than 50 professionals who are dedicated to advancing our product to patients. This is over 45% net growth in our San Diego headcount since the first CIRM Tools grant, awarded in March 2009.

"The non-financial benefits of our partnership with CIRM are not to be overlooked," he continued. "For instance, through CIRM's support we have been able to connect with leading regenerative medicine experts. This advocacy and validation of our program with other organizations and agencies is also invaluable to ViaCyte's continued progress."

The author of the economic impact report stressed the conservative assumptions used to make his projections:

- used the IMPLAN model which is widely used and respected;
- did not treat all CIRM grants the same with different multipliers used for training, research, construction and equipment grants;
- only 38 percent of equipment purchases were attributed to come from within California;

- used an aggregate employment multiplier of just 2.3, which is considerably lower than ones used by some other states in looking at their investments in the biotech sector.

About CIRM: CIRM was established in November 2004 with the passage of Proposition 71, the California Stem Cell Research and Cures Act. The statewide ballot measure, which provided \$3 billion in funding for stem cell research at California universities and research institutions, was overwhelmingly approved by voters, and called for the establishment of an entity to make grants and provide loans for stem cell research, research facilities, and other vital research opportunities. A list of grants and loans awarded to date may be seen here: <https://www.cirm.ca.gov/grants>.

Contact:

Don Gibbons

415-396-9117

dgibbons@cirm.ca.gov

Source URL: <https://www.cirm.ca.gov/about-cirm/newsroom/press-releases/01312013/stem-cell-agency-generating-286-million-taxes-california>